



Unclaimed Property Briefs

The Audit/Compliance Review Process

Please refer to §55-210.24(B) of the *Code of Virginia*

The Division of Unclaimed Property has the authority to perform an audit at a reasonable time and upon a reasonable notice to determine if a holder has complied with the provisions of the Uniform Disposition of Unclaimed Property Act (the Act). The objectives of this process are to inform the holder of the requirements of the Act, identify properties that are due to be reported and remitted to the Commonwealth pursuant to the Act and to educate the holder to insure future compliance with the Act.

How are audit candidates selected?

The Division maintains a database of all holders reporting to the Commonwealth. At various times, this database will be compared to other databases maintained by State Agencies to identify those businesses not reporting. From this base list, the type of business, number of employees, sales, asset size and date of incorporation, all of which determine the potential for the existence of unclaimed property, are reviewed and considered. Among those holders that have reported unclaimed property in the past, their records are reviewed for a constant string of “negative” reports (no property reported) or deficiencies in certain types of reported property that are common within their industry.

What happens once my business is selected?

The process begins with an initial phone call from our office to inform you of the Division’s intent to examine. A mutually agreed upon date is set to hold an Opening Conference and to begin a review of records. A letter is sent to confirm this time, to provide a copy of the Act and to request the initial records needed for the review. The Opening Conference provides the auditor time to explain the scope, establish a timeframe and begin the review of items initially requested. The business representative has the opportunity to ask questions and voice concerns as well as discuss the audit process in general.

What is involved in the audit and how long does it take?

The fieldwork involves a review of your chart of accounts and internal controls, a detailed review of your accounting records and a test of transactions is performed to identify various types of unclaimed property. In the event that some records are unavailable, estimates are developed. The availability of records, the volume of records and the cooperation exhibited by the holder typically determine the time involved.



Unclaimed Property Briefs are published by the Commonwealth of Virginia, Department of the Treasury, Division of Unclaimed Property. Comments and questions should be submitted to Division of Unclaimed Property, P. O. Box 2478, Richmond, VA 23218, or call (804) 225-2393 www.trs.state.va.us

If estimates are used, who determines their format?

The estimates used are based on a mutually agreed upon format using available records and input from the auditor and business representative to determine an appropriate basis.

When do I receive the audit findings?

A draft report of the findings are presented and explained at the Exit Conference. At this time, the procedures used and the work papers are discussed. The holder is then provided with the opportunity to review the findings and propose adjustments based on supporting documentation that can be provided. The holder is allowed approximately 45 days to complete this portion of their review. The holder's presentation of adjustments takes place during the Closing Conference. The auditor will discuss the proposed adjustments and an agreement to their validity will be reached.

The Final Report, Remittance and Reconciliation

A final report is issued stating the amount due and due date. The holder must then file the required report and remit the property to the Commonwealth within 45 days.



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